

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 MCT-01 AID-05 EB-08 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 AGRE-00 FRB-03 XMB-02 OPIC-03

LAB-04 SIL-01 /089 W

-----151804Z 093282 /53

R 151619Z APR 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 7288

INFO AMEMBASSY BOGOTA

USCINCSO QUARRY HEIGHTS

USCINCLANT NORFOLD VA

LIMITED OFFICIAL USE SECTION 1 OF 2 CARACAS 3789

E.O. 11652: N/A

TAGS: PFOR, ETRD, PGOV, PINS, EFIN, US, VE

SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 3527 (NOTAL)

SUMMARY: PRESIDENT PEREZ HOPEFUL FOR CHANGE IN
GSP EXCLUSION OF VENEZUELA. INITIAL REACTION TO PRES. CARTER'S OAS
SPEECH POSITIVE. PUBLIC DISCUSSION BEGINS
ON 1978 BUDGET. DOCUMENTED CASES OF ADMINISTRATIVE
CORRUPTION ON THE INCREASE. NIEHOUS KIDNAPPING
SUSPECT RELEASED. COLOMBIAN GUERILLAS KIDNAPPED
CATTLEMAN SAYS JUSTICE MINISTER.

1. PRESIDENT PEREZ PRAISES PRESIDENT CARTER
PRESIDENT PEREZ APRIL 14 TOLD NEWSMEN THAT PRESIDENT
CARTER IS VENEZUELA'S AND ECUADOR'S "BEST ALLY" IN
THE FIGHT TO ELIMINATE THE PROVISIONS OF THE TRADE ACT
WHICH DENY THE TWO COUNTRIES ACCESS TO THE GSP. "I
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SINCERELY BELIEVE THAT IN THE NEW POLICY BEING DEVELOPED
BY PRESIDENT CARTER THERE IS NO PLACE FOR LEGISLATION
SUCH AS THAT CONTAINED IN THE U.S. TRADE LAW. THERE
IS AN IMPOSSIBLE CONTRADICTION BETWEEN THE
POSITION OF PRESIDENT CARTER AND THE NORMS CONTAINED
IN THAT LAW. I BELIEVE THAT THE BEST ALLY OF VENEZUELA
AND ECUADOR WILL BE THE VERY PRESIDENT OF THE

UNITED STATES." PEREZ REFUSED TO SPECULATE ON THE SPECIFIC AGENDA FOR HIS FORTHCOMING VISIT TO WASHINGTON, BUT SAID DISCUSSIONS WOULD INCLUDE MATTERS RELATED TO LATIN AMERICA AND THE THIRD WORLD AS WELL AS BILATERAL RELATIONS. COINCIDENTALLY, ON APRIL 14 UPI STORY QUOTES PRESIDENT PEREZ AS SAYING IN AN INTERVIEW WITH THE FRENCH MAGAZINE VOGUE THAT THE ERRONEOUS NEW YORK TIMES STORY THAT HE HAD RECEIVED PAYMENT FROM THE CIA ACTUALLY HAS RESULTED IN IMPROVED RELATIONS BETWEEN VENEZUELA AND THE U.S.

COMMENT. PRESIDENT PEREZ CLEARLY HOPES FOR PROGRESS ON THE GSP EXCLUSION ISSUE IN THE CONTEXT OF HIS STATE VISIT TO WASHINGTON. HIS PUBLIC STATEMENT REFLECTS HIS OWN ANTICIPATION THAT THIS ISSUE WILL BE RESOLVED IN THE NEAR FUTURE. PEREZ' COMMENT ON THE ULTIMATE RESULT OF THE CIA IMBROGLIO ALSO ACCURATELY ECHOS SENTIMENTS OF MANY POLITICALLY SENSITIVE VENEZUELAN TO THE EFFECT THAT, IN THE END, IT ALL TURNED OUT VERY WELL FOR PRESIDENT PEREZ AND FOR U.S.-VENEZUELAN RELATIONS.

2. PRESIDENT CARTER'S OAS SPEECH DRAWS RAVE REVIEWS
PRESIDENT CARTER'S SPEECH APRIL 14 TO THE OAS RECEIVED BANNER HEADLINES AND RAVE COMMENTS FROM THE CARACAS PRESS. PRESS CONCENTRATED ON FAVORABLE MENTION OF VENEZUELA, US INTEREST IN MAKING PROGRESS IN NORTH-SOUTH DIALOGUE AND OTHER ECONOMIC ISSUES, EMPHASIS ON HUMAN RIGHTS, AND ON US RESPECT FOR INDIVIDUAL LIMITED OFFICIAL USE

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COUNTRIES. IN FACT, "EL NACIONAL"'S CORRESPONDENT IN WASHINGTON WENT SO FAR AS TO SAY THAT THE SPEECH, GIVEN ITS EMPHASIS, COULD HAVE BEEN WRITTEN IN THE VENEZUELAN FOREIGN MINISTRY.

COMMENT: VENEZUELAN PRESS REACTION HAS BEEN ECHOED PRIVATELY TO US BY FOREIGN MINISTRY OFFICIALS, POLITICIANS AND OTHERS WHO LAVISHED PRAISE ON THE SPEECH. THIS REACTION IS NOT SURPRISING SINCE SPEECH INDEED FOCUSED ON MOST, IF NOT ALL, OF VENEZUELA'S FAVORITE FOREIGN POLICY THEMES.

3. PUBLIC DISCUSSION BEGINS ON 1978 BUDGET.
PUBLIC DEBATE ON THE 1978 CENTRAL GOVERNMENT BUDGET BEGAN THIS WEEK. THIS WILL BE AN ELECTION YEAR BUDGET, AND IS THEREFORE CERTAIN TO RECEIVE AN ABNORMAL AMOUNT OF MEDIA ATTENTION. THE FOCAL POINT OF THE DEBATE WAS THE GROWTH RATE OF CURRENT EXPENDITURES DURING THE PAST THREE YEARS, AND THE NEED TO CUT BACK IN THIS

AREA. WHILE THIS IS NOT A NEW ISSUE, IT IS POLITICALLY SENSITIVE, AND SPOKESMEN FOR BOTH MAJOR PARTIES AS WELL AS MEMBERS OF THE ECONOMIC CABINET FELT COMPELLED TO SUPPORT REDUCTIONS IN PUBLIC SPENDING. HOWEVER, NO ONE WAS VERY PRECISE IN SUGGESTING AREAS WHERE CUTS COULD BE MADE. FINANCE MINISTER HURTADO, WHILE AGREEING IN PRINCIPLE THAT A REDUCTION OF CURRENT EXPENDITURES WAS A LAUDATORY GOAL, DOUBTED THAT SIGNIFICANT CUTS COULD BE MADE WITHOUT MAJOR CHANGES IN GOVERNMENT ECONOMIC POLICIES. HE CITED THE RISING COSTS OF PUBLIC SUBSIDIES, WELFARE PAYMENTS AND PUBLIC EDUCATION AS AREAS WHERE THE GOVERNMENT HAD LITTLE OR NO DISCRETION OVER EXPENDITURES UNDER EXISTING LAW. HURTADO ESTIMATED THAT THE 1978 BUDGET WOULD BE QUITE SIMILAR TO THAT FOR 1977, PROVIDING FOR REVENUES AND EXPENDITURES AT APPROXIMATELY THE BS. 37.5 BILLION LEVEL (8.7 BILLION DOLLARS).
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4. THE CONTROLLER GENERAL, CORRUPTION AND THE CAMPAIGN.

IN ONE OF HIS FIRST MAJOR PUBLIC STATEMENTS SINCE ASSUMING OFFICE LAST JULY (76 CARACAS 8264), CONTROLLER GENERAL JOSE ANDRES OCTAVIO TOLD NEWSMEN APRIL 11 THAT DOCUMENTED CASES OF ADMINISTRATIVE CORRUPTION IN THE PUBLIC SECTOR INCREASED IN 1976 OVER THE PREVIOUS YEAR. OCTAVIO, HOWEVER, REFUSED TO MAKE COMPARISON BETWEEN THE LEVEL OF CORRUPTION UNDER THE CALDERA ADMINISTRATION AND THE PRESENT AD GOVERNMENT, NOTING MERELY THAT SUCH COMPARISONS SERVE NO USEFUL PURPOSE AND THAT CORRUPTION MUST BE ROOTED OUT WHENEVER IT IS FOUND.

COMMENT. ADMINISTRATIVE CORRUPTION IS, OF COURSE, A MAJOR ISSUE WHICH COPEI PLANS TO RAISE IN THE 1978 PRESIDENTIAL CAMPAIGN. GIVEN THE HISTORY OF OCTAVIO'S PREDECESSOR, JOSE MUCI ABRAHAM, WHO WAS RELIEVED OF HIS POST BY THE GOV FOR PURSUING WITH "EXCESSIVE" ZEAL SEVERAL POTENTIAL SCANDALS, OCTAVIO'S EVEN-HANDED RESPONSES TO THIS SENSITIVE LIMITED OFFICIAL USE

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POLITICAL ISSUE REFLECT FAVORABLY ON HIS POLITICAL DISCRETION AT THIS STAGE IN THE PRESIDENTIAL RACE.

5. NIEHOUS KIDNAPPING SUSPECT RELEASED.

CARACAS PRESS REPORTS APRIL 12 THAT A JUDGE RELEASED ORLANDO BOTTINI MARIN SOMETIME BEFORE THE EASTER HOLIDAYS. BOTTINI IS SUSPECTED OF COMPLICITY IN THE YEAR OLD KIDNAPPING CASE OF INDUSTRIALIST WILLIAM NIEHOUS (SEE CARACAS 3159). HE WAS HELD BY DISIP, THE INTERIOR MINISTRY'S SECURITY SERVICE, FOR THE EIGHT DAYS ALLOWED BY VENEZUELAN LAW BEFORE HIS RELEASE WAS MANDATORY FOR LACK OF EVIDENCE TO FILE CHARGES AGAINST HIM. A WRIT OF HABEAS CORPUS ENTERED IN BOTTINI'S BEHALF BY THE COMMITTEE FOR THE DEFENSE OF HUMAN RIGHTS WAS DECLARED MOOT BY THE JUDGE.

6. COLOMBIAN GUERRILLAS AMONG MACHADO KIDNAPPERS SAYS JUSTICE MINISTER. JUSTICE MINISTER JUAN MARTIN ECHEVERRIA ON APRIL 14 REAFFIRMED HIS EARLIER OPINION THAT ALL THE PARTICIPANTS IN THE MARCH 23 KIDNAPPING OF WEALTHY ZULIA RANCHER NELSON MACHADO ARE COLOMBIANS AND THAT SOME OF THEM ARE REVOLUTIONARIES (E.G. RAFAEL AND PEDRO BARON REYES AND JUAN BELTRAN). ECHEVERRIA'S ITERATION OF HIS APRIL 12 COMMENTS WAS MADE NECESSARY BY THE MORE RESERVED OPINION OF INTERIOR MINISTER OCTAVIO LEPAGE WHO HAS DECLARED SUCH DEFINITIVE CONCLUSIONS PREMATURE. CARACAS PRESS IS ALSO RUMORING THAT THE ELDER MACHADO HAS SECRETLY ARRANGED TO PAY BS. 2 MILLION (\$460,000) TO HIS SON'S KIDNAPPERS BUT POLICE APPEAR TO HAVE FOILED HIS PLANS. THE GOV REMAINS ADAMANTLY

OPPOSED TO PAYING RANSOM.

7. OTHER REPORTING THIS WEEK INCLUDED

PEREZ GUERRERO'S ARTICLE ON CIEC (CARACAS A-45),
AND COUNTRY FINANCED SERVICES: INCE VISIT TO U.S.
(CARACAS 3086).

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Message Attributes

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